Australia All Cap Unit Class
TAMIM Fund

At 30 November 2021

The ASX300 was down -0.53% in November while the Small Ords was down -0.31%.

The TAMIM Fund: Australia All Cap portfolio finished the month +0.60% net of fees and continued its strong outperformance for the year. For the 2021 calendar year to date, the Fund is up +25.21% net of fees. For comparison, the ASX300 is up +14.52%

November was a very busy period for us as many of our holdings held their AGMs and/or provided trading updates during the month. Overall, updates across the portfolio were in line or ahead of our expectations with cautious but optimistic outlook statements by management teams.

In the last few days of the month, we saw a fresh variant of Covid-19 take the headlines. This caused some heightened volatility for equities as governments both here and abroad have once again reacted, rightly or wrongly, with varying degrees of border restrictions, closures and longer quarantine requirements. While research is obviously ongoing, scientists can tell from its closest sequences that Omicron evolved from a strain that was circulating in mid-2020.

While it is early days, Omicron looks to be far more transmissible but notably less severe. This is typically how viruses evolve - it's simple, they can't survive without a host so why get deadlier - and this should be good news in the sense that it could mark the beginning of the end of this pandemic, as a more infectious but weaker virus strain becomes the dominant strain. Unfortunately, there are many considerations and variables at play right now and it doesn't help that the issue has been politicised. We hope sanity prevails and the world continues to reopen and move on from Covid.

It's important to remember that investors aren't necessarily worried about Covid itself. The virus is doing what it's meant to (mutate) and so, in that sense, it's being predictable. It is the inconsistent reactions by governments (at both state and federal levels in Australia) around the world that is the real element of unpredictability. And here we go back to Investing 101, one of the few certainties in the market is that the market hates uncertainty. When and if governments allow the virus to "run its course", backed by vaccines, then Covid will no longer loom so large on investor sentiment.

Key Facts

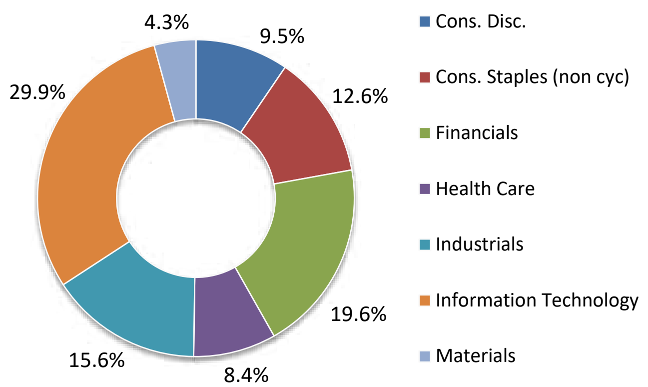
Investment Structure:	Unlisted unit trust
Minimum investment:	A$250,000
Applications:	Monthly
Redemptions:	Monthly, with 30 days notice
Unit pricing frequency:	Monthly
Distribution frequency:	Semi-annual
Management fee:	1.25% p.a.
Performance fee:	20% of performance in excess of hurdle
Hurdle:	Greater of: RBA Cash Rate + 2.5% or 4%
Lock up period:	Nil
Buy/Sell Spread:	+0.25%/-0.25%
Exit fee:	Nil
Administration & expense recovery fee:	Up to 0.35%
APIR code:	CTS9748AU

NAV

	Buy Price	Mid Price	Redemption Price
AU$	$1.4533	$1.4497	$1.4461

Portfolio Allocation

Equity	91.40%
Cash	8.60%



Portfolio Performance

Note: Individually Managed Account (IMA) returns will, by their nature, vary from the underlying portfolio. Should you wish to see your individual return, please log in to your account online.

Inception: 31/12/2016	1 month	3 months	6 months	1 year	2 years (p.a.)	3 years (p.a.)	Since inception (p.a.)	Since inception (total)
Australia All Cap	0.60%	6.74%	12.43%	26.34%	21.94%	30.79%	20.03%	145.23%
ASX 300	-0.53%	-2.31%	3.63%	16.03%	6.84%	12.89%	10.49%	63.29%
Cash	0.01%	0.02%	0.05%	0.10%	0.23%	0.55%	0.95%	4.75%

Portfolio Performance for Australia All Cap refers to the aggregated cumulative performance of all TAMIM Australian All Cap individually managed account portfolios since inception (31 Dec 2016) in AUD net of fees up to 31 October 2019. From 1 November 2019 the performance reflects the return on the TAMIM Fund: Australia All Cap unit class. Both are managed according to the same portfolio. ASX300 refers to the S&P/ASX 300 Accumulation Index.

Finally, while we are quite pleased with the performance of the portfolio so far this year, we have a few positions that have been significant laggards in the last six months. These companies are highly profitable, growing and extremely cheap. All are on single digit profit multiples. We see these stocks re-rating materially in the next three to six months as they report earnings in February. We believe these underperformers will drive our next leg of performance in 2022.

Below, in the Portfolio Update section, we provide a brief update on some of the highlights from our portfolio during the month.

We would like to wish our investors a happy new year and a festive season. We are living in quite remarkable times and we wish you all the best during the upcoming break and hopefully we all get to where we want to go, overseas or otherwise, in peace.

Enjoy the break!

Sincerely yours,

Ron Shamgar and the TAMIM Team.

Portfolio Update:

Probiotec (PBP.ASX) is a fast growing and acquisitive manufacturer of over-the-counter pharmaceutical products alongside various packing facilities for FMCG (fast moving consumer goods) manufacturers. The AGM update given this month was very bullish with four months of YTD trading ahead of expectations, sitting at $57m in revenue and $10.1m EBITDA. This implies EBITDA of $15m for 1H with 2H being the seasonally stronger half as cold & flu season drives increased demand.

Current consensus is for EBITDA of $29m so we expect an upgrade next year. PBP also indicated that they have won $15m of new work as they are benefitting from the current onshoring trend, manufacturers bringing production back home due to Covid-19 constraints. PBP is on 5x EV/EBITDA and we anticipate further acquisitions in FY22. We value the company at $3.00

Ridley Corp (RIC.ASX) is Australia's largest animal feed miller (24% market share), the largest white meat renderer (22% share) and also a provider of aqua feed products (14% share). Under new management over last couple of years, they have reduced costs, paid down debt and grown earnings. This new management implemented a regional and divisional management structure that allows each divisional manager to compete for their budget based on P&L performance.

During November, the AGM update was an upgrade to consensus estimates as EBITDA is currently tracking along in excess of 16% growth, meaning around $80m of EBITDA in FY22 (~10% higher than expectations). RIC is priced on 12x PE and pays a 4.5% yield with little to no debt. We think the stock is undervalued for what is a strategic agricultural asset in Australia. Our valuation is $1.80.

Smartpay (SMP.ASX) has a March year end so reported its half year results this November. 1H was obvious impacted by lockdowns and yet SMP still grew revenue to $21m (+45%) and EBITDA +10%. The business' key focus is the Australian business segment, where SMP earns a margin on transactional values through their terminals ($1.1bn in 1H). The Australian segment revenue doubled to $12m and the current run rate at October-end is $33m with over 8,000 terminals transacting.

The group EBITDA run rate in October is bouncing back and tracking at $10m; this should head higher in the seasonally stronger holiday and summer period for most retailers. We estimate FY23 EBITDA to increase to $18m, so the stock is trading on a multiple of 9x. SMP has a large runway for growth in Australia with 250k terminals in the SME market up for grabs. Their balance sheet remains strong with only $5m of net debt. Our valuation is approximately $1.20.

Dropsuite (DSE.ASX) is a global provider of website and email backup/cloud services to businesses. They rank as a leading service provider amongst much larger peers globally. We have all seen or read about the escalation in cyber-attacks and there is a seemingly ever-increasing emphasis placed on privacy and data protection by management teams these days. DSE gave an upbeat quarterly report and AGM update with ARR up 81% YoY, or 14% QoQ, to $13.1m.

All the important metrics increased, including ARPU, users and reseller partners. Most importantly though, DSE turned profitable. The balance sheet is strong with a $21m net cash position set for acquisitions. We anticipate a deal to focus on the Google environment as DSE is predominantly in Microsoft solutions. We forecast ARR to exceed $25m in twelve months, hence trading on a 5x multiple to ARR. Our valuation is 30 cents.

DGL Group (DGL.ASX) is a chemical manufacturing, warehousing and disposal business in Australia and New Zealand. DGL is founder led (57% ownership) and has been very acquisitive since listing several months ago. DGL have acquired eight businesses that, combined, will add $15m EBITDA to the group and take pro forma EBITDA to approximately $45m.

We can see that the overall strategy is to have a national footprint and be a one stop shop for all their customer's chemical needs. The recent AGM update has seen tailwinds from the ongoing global supply chain issues, bringing greater demand for local chemical manufacturers like DGL. In addition, DGL produces 60% of Australia's AdBlue, a diesel exhaust fluid used in vehicles with Selective Catalytic Reduction (SCR) technology to reduce harmful gases being released into the atmosphere, which is seeing massive shortages due to lack of its main ingredient, Urea. DGL is priced on an EBITDA multiple of 14x and we are backing the CEO, Simon Henry, to continue and grow the business. Our valuation is $3.50.